



# **ICLEF Property Tax Institute**

## **Developments at the DLGF and New Legislation**

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**Interim Commissioner**  
**Department of Local Government Finance**  
**April 20, 2010**



# Overview

- 2009 Year in Review at DLGF
- Property Tax Relief
- Our Mission: Restoring Property Tax Billing Cycle
- New Legislation



# 2009: “A Year in Review”

- Forged relationships and improved communication with taxpayers, legislators, counties and taxing units
- Established Core Values and Mission of On-time Billing
- Streamlined ratio study review and data compliance processes
- Tax bills due 2 months or 36% sooner in 2009



# Property Tax Relief



# Effective Tax Rates

## ■ 2007

- Homestead = **0.95%**
- Other Real Property = **1.96%**
- Personal Property = **2.22%**

## ■ 2008

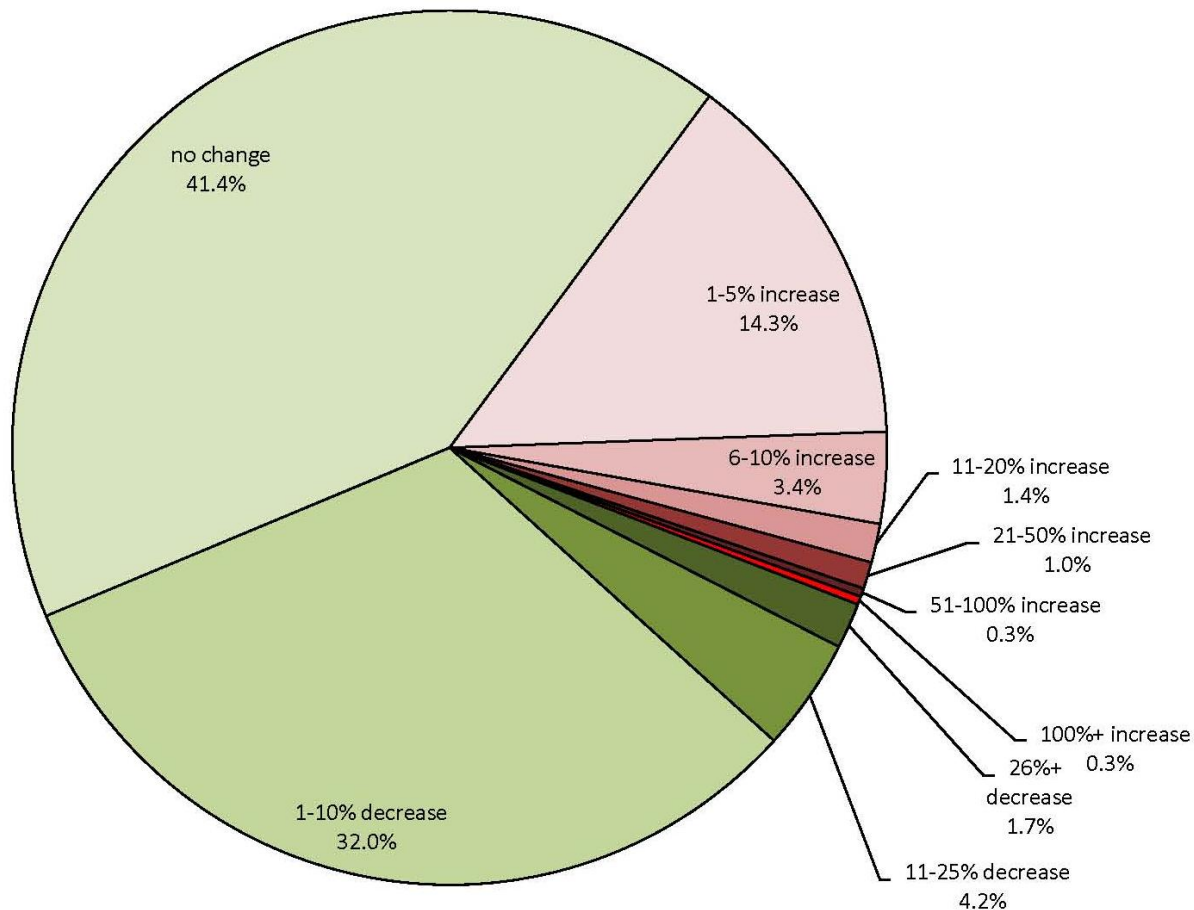
- Homestead = **0.59%**
- Other Real Property = **1.60%**
- Personal Property = **1.78%**

## ■ 2009

- Homestead = **0.57%**
- Other Residential, Ag Land, Long Term Care Facilities = **1.89%**
- Businesses and Other Property = **1.99%**



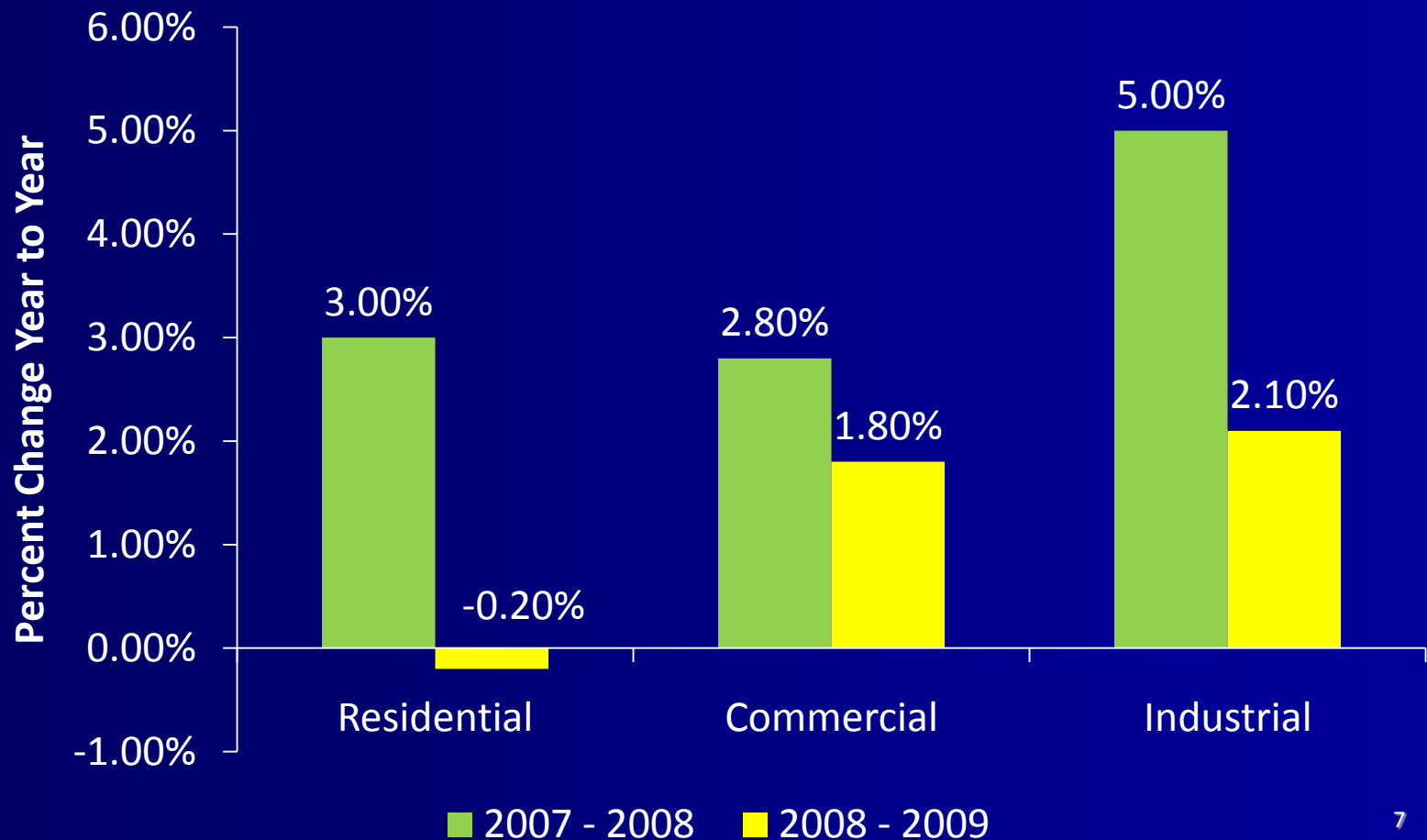
# Pay09 – Pay10 Change in Residential Gross AV

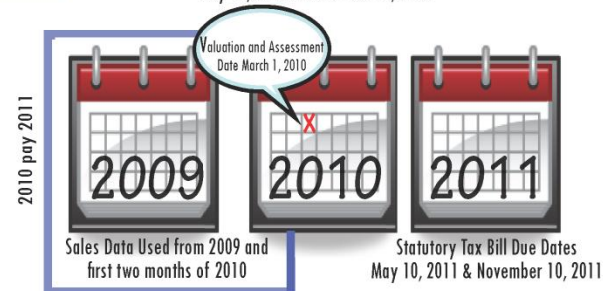
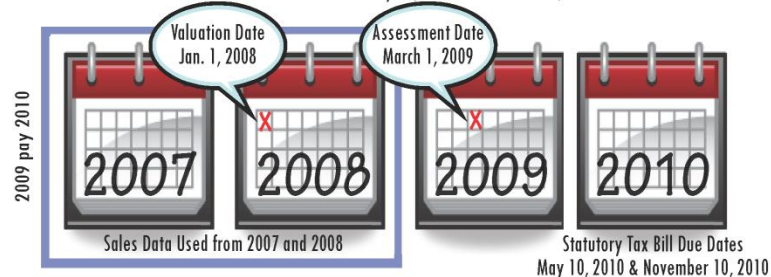
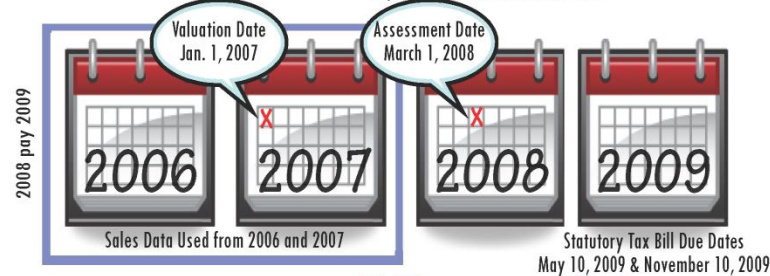
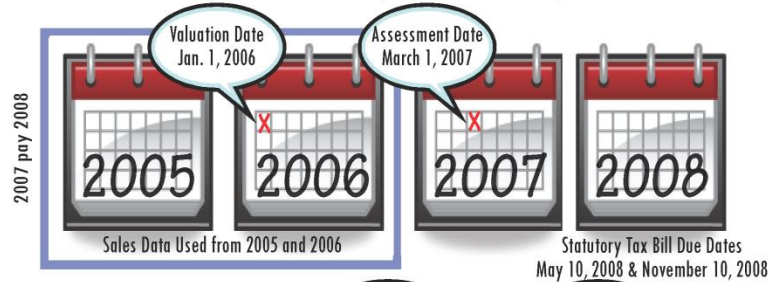
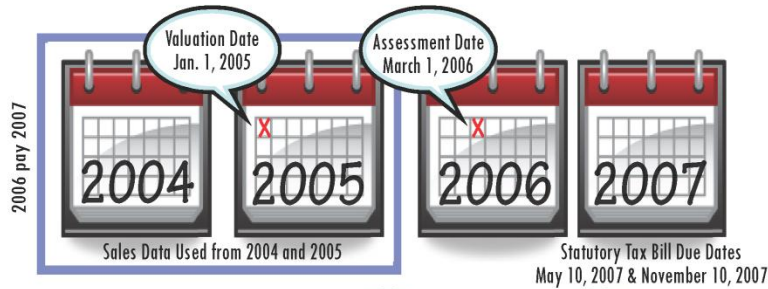




# 2007 to 2009

## Gross Assessed Value Changes



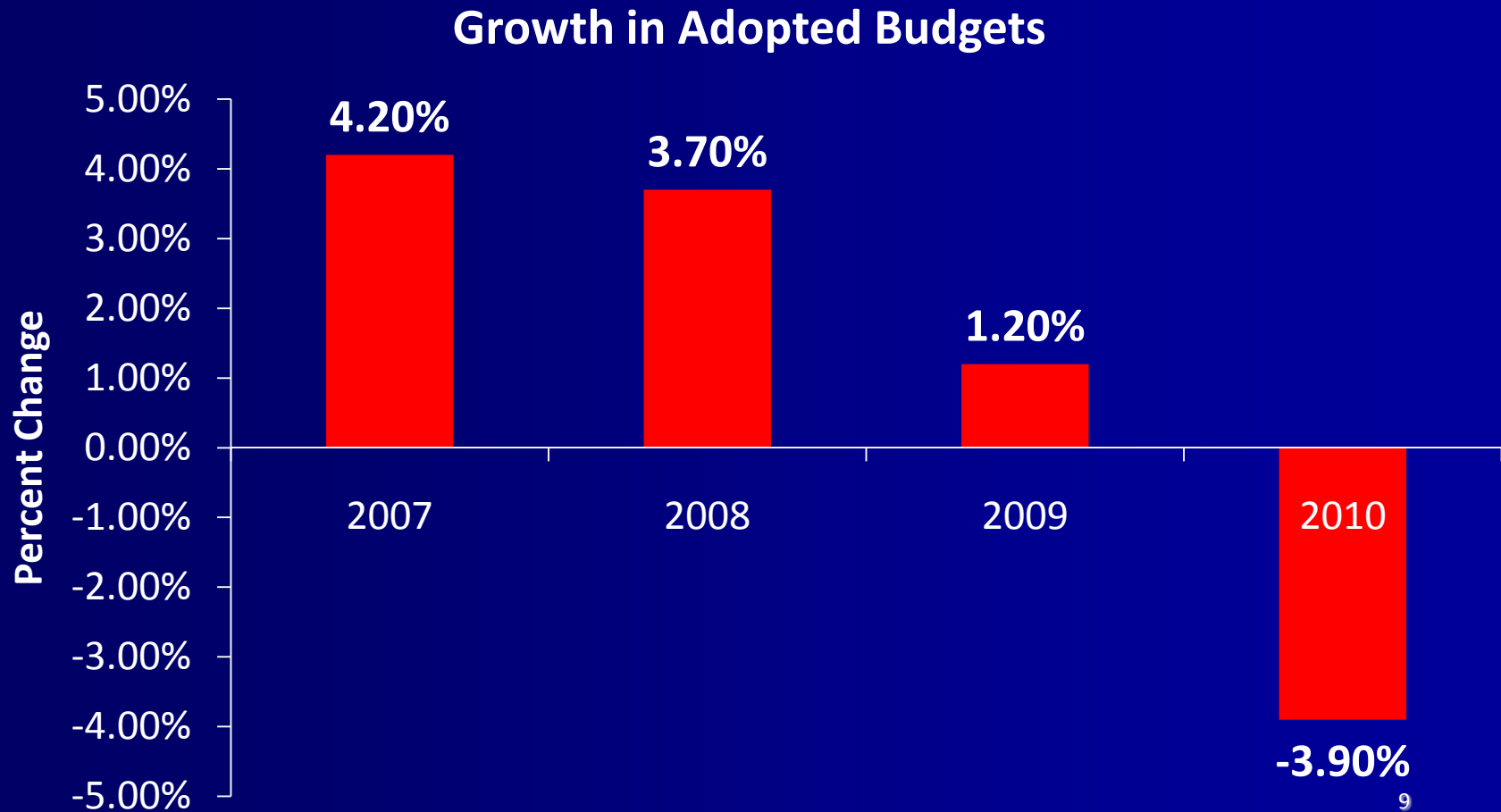


Assessment Date vs. Valuation Date  
Department of Local Government Finance





# Adopted Budget History





# Property Tax Relief

- Circuit Breaker Caps took effect at 1.5%, 2.5% and 3.5% of property's gross assessed value in 2009.
- Beginning in 2009, State assumed \$3 billion in local spending.
- Many property owners will see additional cuts in 2010 as the caps drop to 1%, 2% and 3%.
- State-provided property tax relief has increased since 2007.
- Homeowner tax bills fell 3.3% on average from 2008 to 2009.



# Restoring On-Time Property Tax Billing



# 2010: “The Year of No Excuses”

In response to this challenge, the DLGF Team has accomplished the following:

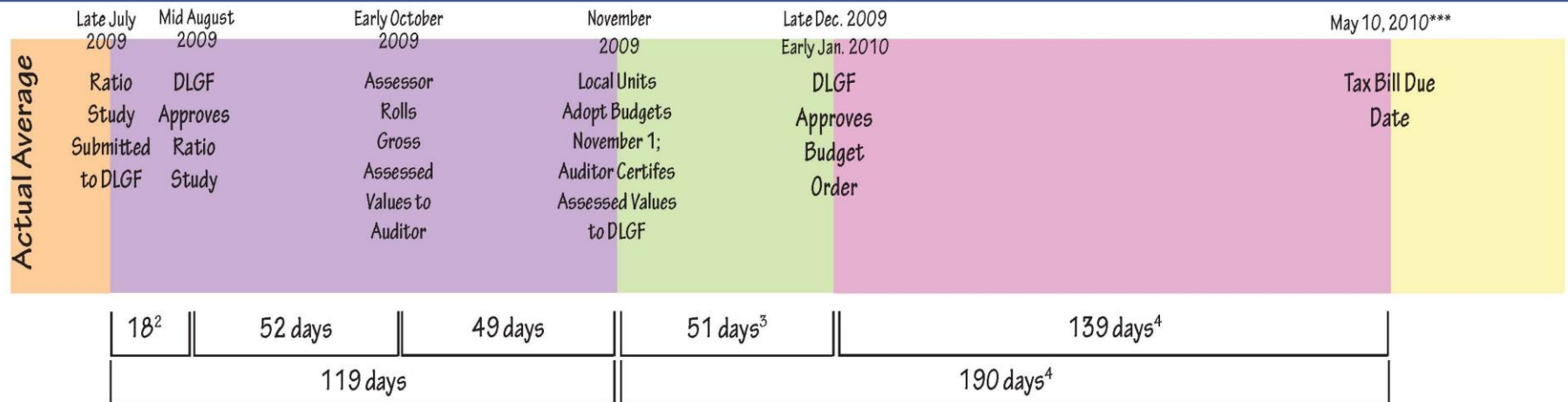
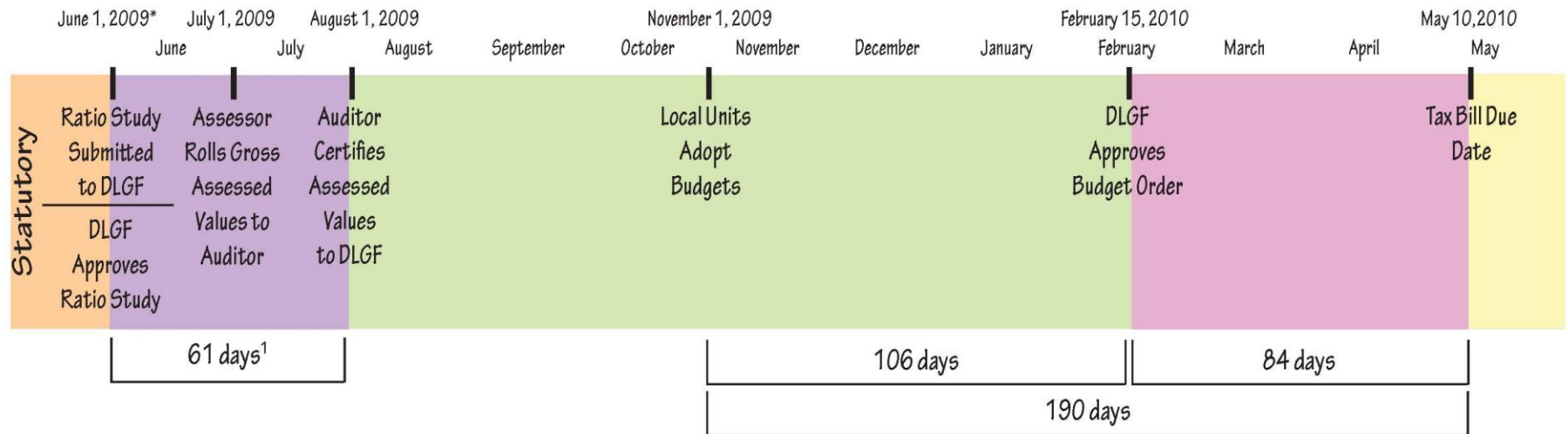
- Streamlined the data compliance process for assessment-sales ratio study approval purposes;
- Simplified the annual adjustment rule to allow for the use of only one year of sales and repealed the previous guidance that assessments be changed even if assessment level and uniformity statistical measures were within international standards; and
- Established a goal to issue 2010 budget orders within 60 days from receipt of certified net assessed values from the county auditor.



# Restore On-Time Billing

- Reduce turnaround time for review and approval of ratio studies (includes counties w/data compliance issues)
  - 2007 pay 2008 – 60 days
  - 2008 pay 2009 – 55 days
  - 2009 pay 2010 – 18 days
  
- Reduce turnaround time for budget certification once certified assessed values are received (or local budget have been adopted)
  - 2007 pay 2008 – 45 days
  - 2008 pay 2009 – 39 days
  - 2009 pay 2010 – 51 days

# Comprehensive Assessment and Budget Timeline 2009 pay 2010



<sup>1</sup>Not a statutory deadline

<sup>2</sup>Data compliance required, resubmission possible

<sup>3</sup>Average calculated from latter of November 1 or date of net assessed value certification

<sup>4</sup>Projections based on May 10, 2010 average tax bill due date



# 2010 Achievements

- At least 84 counties will achieve on-time property tax billing
- Remaining counties (excepting one) will bill approximately four months ahead of pay-2009.
- 85% improvement from pay-2008 to pay-2010



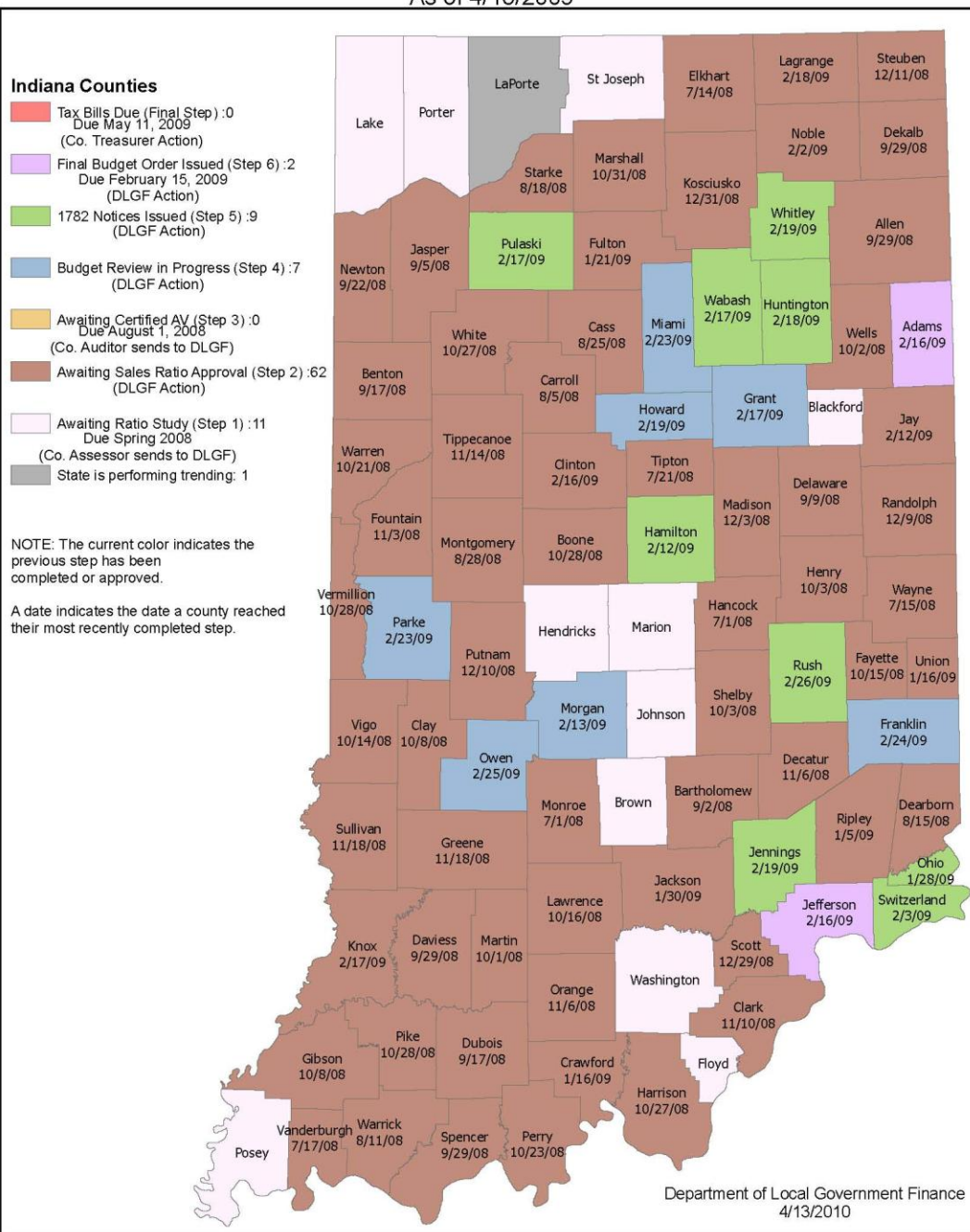
# 2008 pay 2009 Budget Certification Status Map

As of 4/13/2009

## 2009 Budget Certification status as of April 13, 2009

Status Maps:

<http://www.in.gov/dlgf/6827.htm>





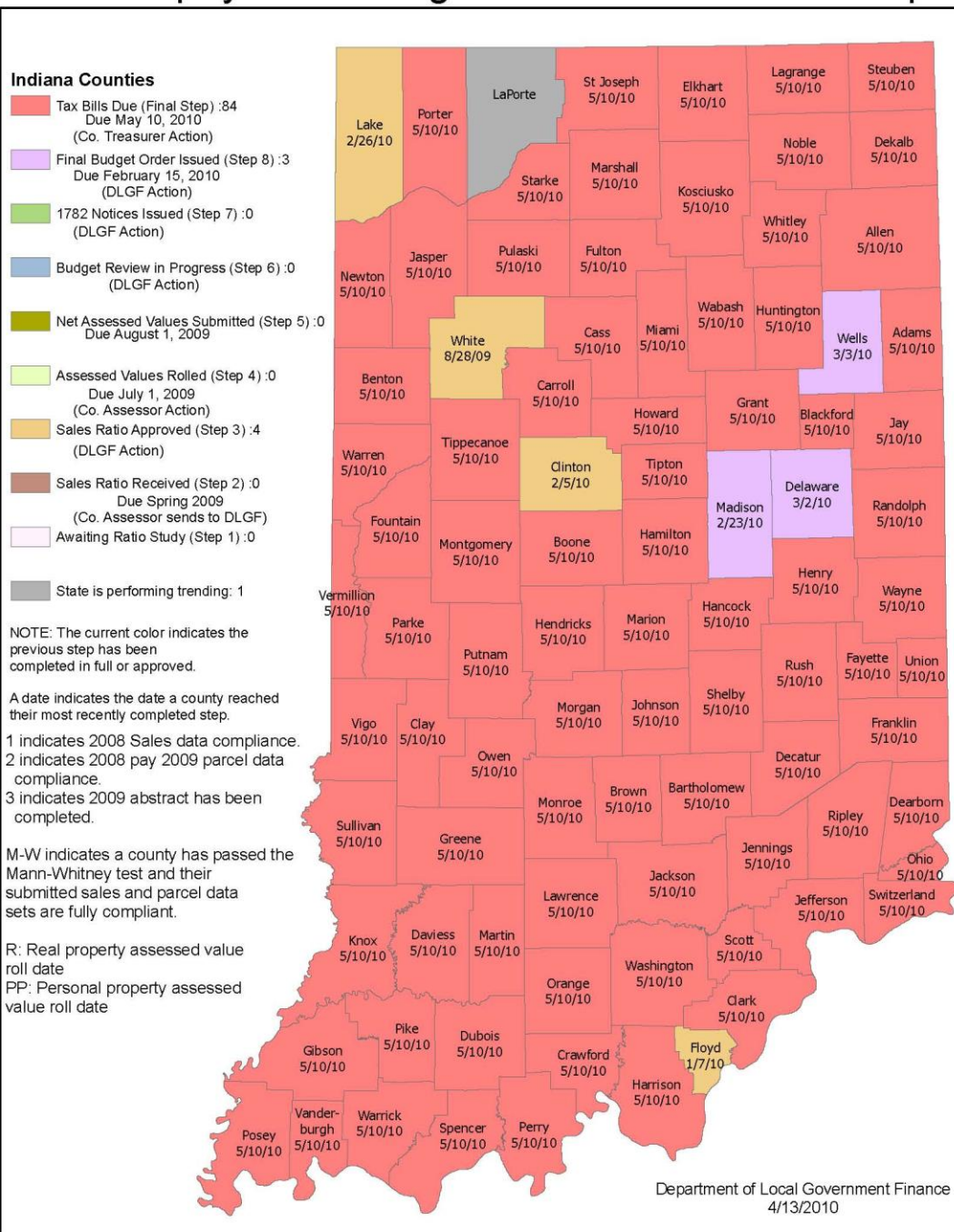


# 2009 pay 2010 Budget Certification Status Map

## 2010 Budget Certification status as of April 13, 2010

Status Maps:

<http://www.in.gov/dlgf/6827.htm>



# 2010 pay 2011 Budget Certification Status Map



## 2011 Budget Certification status as of April 13, 2010

Status Maps:

<http://www.in.gov/dlgf/6827.htm>

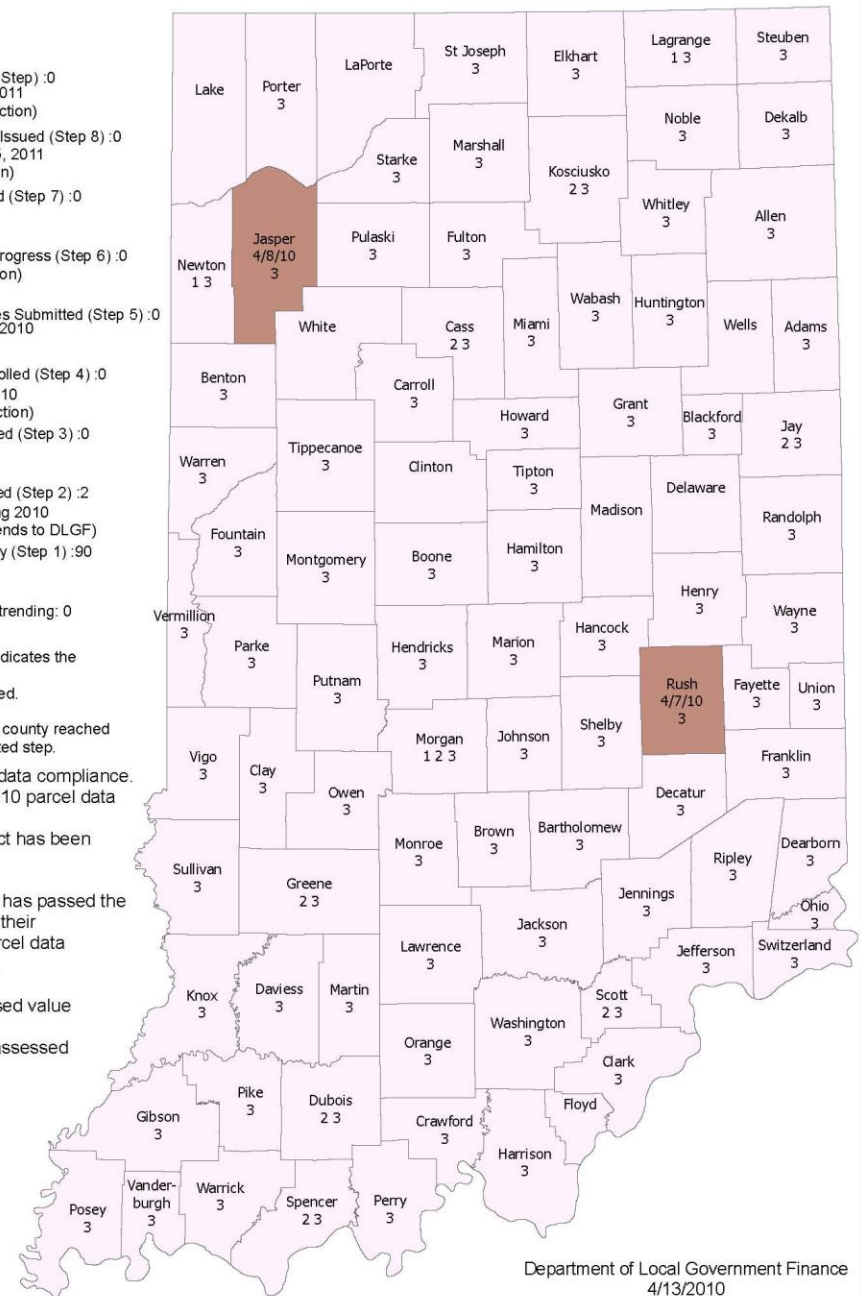
- Indiana Counties**
- Tax Bills Due (Final Step) :0  
Due May 10, 2011  
(Co. Treasurer Action)
  - Final Budget Order Issued (Step 8) :0  
Due February 15, 2011  
(DLGF Action)
  - 1782 Notices Issued (Step 7) :0  
(DLGF Action)
  - Budget Review in Progress (Step 6) :0  
(DLGF Action)
  - Net Assessed Values Submitted (Step 5) :0  
Due August 1, 2010
  - Assessed Values Rolled (Step 4) :0  
Due July 1, 2010  
(Co. Assessor Action)
  - Sales Ratio Approved (Step 3) :0  
(DLGF Action)
  - Sales Ratio Received (Step 2) :2  
Due Spring 2010  
(Co. Assessor sends to DLGF)
  - Awaiting Ratio Study (Step 1) :90
  - State is performing trending: 0

NOTE: The current color indicates the previous step has been completed in full or approved.

A date indicates the date a county reached their most recently completed step.  
 1 indicates 2009 Sales data compliance.  
 2 indicates 2009 pay 2010 parcel data compliance.  
 3 indicates 2010 abstract has been completed.

M-W indicates a county has passed the Mann-Whitney test and their submitted sales and parcel data sets are fully compliant.

R: Real property assessed value roll date  
 PP: Personal property assessed value roll date



Department of Local Government Finance  
 4/13/2010



# 2011: Timeliness, Tools and Transparency

- **Timeliness**
  - Statutory deadlines must be met
- **Tools**
  - DLGF provides property tax and credit rate calculators
  - DLGF provides Circuit Breaker allocation calculator
  - DLGF provides standard reports
- **Transparency**
  - Additional review, education and training



# New Legislation



# Revised Ag Land Base Rate

- SEA 396-2010; IC 6-1.1-4-4.5
- Effective 2010-pay-2011
- Highest market value year dropped
- Use only the five lowest market value years out of a rolling six-year comparison
- New 2010 base rate is \$1,290 per acre (previously \$1,400)



# Assessment Changes

- HEA 1086-2010
- Assessor must document all changes to parcel characteristics and reasons for those changes
- Assessor must complete annual adjustment process and roll gross assessed values to auditor before July 2
- Petition for reassessment applies only to the most recent real property assessment date
- County assessor determines land values and submits them to PTABOA no later than July 1, 2011
- Department no longer authorized to rescind an order requiring a state conducted assessment or reassessment





# Petition and Remonstrance

- SEA 401-2010; IC 6-1.1-20
- Effective July 1, 2010
- Personal property mobile/manufactured homestead owners may now participate in the petition and remonstrance process
- Previously only real property owners and registered voters could participate



# Certified Tech Park Deduction

- HEA 1086-2010, Section 28; IC 6-1.1-12.7
- Effective July 1, 2010
- Deduction for qualified personal property in a certified technology park
- First available 2011-pay-2012
- Equal to 100% of the assessed value for each year specified in the adopted ordinance
- Ordinance must be adopted prior to January 1 of the first year the deduction is claimed





# Max Levy Calculations

- HEA 1086-2010; IC 6-1.1-18.5
- Changes effective beginning 2010-pay-2011
- Cash Balances
  - Unit may petition for adjustment to max levy based on the use of cash balances
- Fire Protection Levy
  - Units may petition for an adjustment to the max levy
  - Previously max levy not annually increased by more than the assessed value growth quotient minus one



# Tax Sale of Vacant Parcels

- HEA 1324-2010; IC 6-1.1-24-6.8
- Eligible vacant parcels must:
  - Have a county lien from prior tax sale
  - Be unimproved on date of sale
  - Be legally eligible for residential construction
  - Be contiguous to at least one parcel with occupied residential homestead structure
- Successful applicant can purchase vacant property for \$1
- Purchased property eligible for exemption



# Tax Surplus Fund

- HEA 1183-2010
- Court direction needed to issue tax sale surplus claim warrant to owner of record who acquired property after tax sale or someone who is not the owner of record including those with power of attorney
- New section IC 6-1.1-24-7.5 protects property owners by placing limitations and requirements on tax sale surplus agreements
- New subsection IC 6-1.1-25-11(d) concerns the effect of invalidation of the tax sale on paid surplus claims



# Mortgage Deduction

- SEA 223-2010; IC 6-1.1-12-1
- Mortgage deduction can be received for any mortgage, installment loan, or other instrument or memorandum including a home equity line of credit
- Must be recorded with county recorder
- Balance must exist on the recorded instrument
- Public notice will be displayed in auditor's office regarding eligibility and penalties for perjury



# Provisional Tax Bills

- HEA 1059-2010
- Beginning for taxes payable in 2010
- County required to issue provisional bill if auditor fails to deliver abstract to treasurer by April 1
- Provisional bills issued 15 days prior to May 10 due date
- Counties may request a waiver for requirement



# Contact The Department

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  - “Contact Us”: [www.in.gov/dlgf/2338.htm](http://www.in.gov/dlgf/2338.htm)